

## Message Text

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ORIGIN ERDA-07

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS

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E.O. 11652:N/A

TAGS: TECH

SUBJECT: ERDA ANNOUNCEMENT OF PRICE INCREASE FOR ENRICHED  
URANIUM

REF: PARIS 16457

1. TEXT OF SUBJECT PRESS RELEASE FOLLOWS: ERDA ANNOUNCES  
NEW CHARGES FOR URANIUM ENRICHMENT

2. THE ENERGY RESEARCH AND DEVELOPMENT ADMINIS-  
TRATION (ERDA) TODAY ANNOUNCED THAT IT WILL INCREASE  
CHARGES FOR ENRICHING URANIUM USED TO FUEL NUCLEAR POWER  
PLANTS.

3. TWO METHODS FOR CHARGING CUSTOMERS FOR THE ENRICHING  
SERVICES ARE INVOLVED: THAT EMPLOYED UNDER WHAT IS KNOWN  
AS A "FIXED-COMMITMENT" CONTRACT AND THAT UNDER A "REQUIREMENTS-TYPE"  
CONTRACT. UNDER A FIXED-COMMITMENT CONTRACT, A CUSTOMER  
SPECIFIES IN ADVANCE THE AMOUNT OF ENRICHING SERVICES HE  
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REQUIRES, THUS OBLIGATING HIMSELF TO A "FIXED"AMOUNT OF THESE

SERVICES. UNDER A REQUIREMENTS-TYPE CONTRACT, ERDA IS OBLIGATED, WITHIN LIMITS, TO PROVIDE A CUSTOMER WITH THE AMOUNT OF ENRICHING SERVICES HE REQUIRES.

4. THE PRESENT CHARGE OF DOLS 42.10 FOR FIXED-COMMITMENT CONTRACTS WILL BE INCREASED TO DOLS 53.35 FOR EACH SEPARATIVE WORK UNIT OR "SWU," WHICH IS A MEASURE OF THE EFFORT EXPENDED TO PERFORM ENRICHING SERVICES. THE FIXED-COMMITMENT CONTRACT INCREASE WILL GO INTO EFFECT ON AUGUST 20, 1975.

5. THE PRESENT CHARGE FOR REQUIREMENTS-TYPE CONTRACTS IS DOLS 47.80. THIS WILL BE INCREASED ON DECEMBER 18, 1975, TO DOLS 60.95 OR THE CEILING CHARGE, COMPUTED IN ACCORDANCE WITH THE PROVISIONS OF SUCH CONTRACTS, WHICHEVER IS THE LESSER CHARGE.

6. THE CURRENT ESTIMATE OF THE CEILING CHARGE FROM DECEMBER 18, 1975 TO DECEMBER 31, 1975, IS DOLS 59.20. FROM JANUARY 1, 1976 TO JUNE 30, 1976, THE CEILING CHARGE IS ESTIMATED TO BE DOLS 62.40.

7. NOTICES OF THE NEW CHARGES WERE PUBLISHED IN THE FEDERAL REGISTER TODAY.

8. AS SET FORTH IN THE ATOMIC ENERGY ACT OF 1954, AS AMENDED, ENRICHMENT CHARGES ARE BASED ON RECOVERING "THE GOVERNMENT'S COSTS OVER A REASONABLE PERIOD OF TIME." RECENT RAPID INCREASES IN THE COST OF ELECTRIC POWER SUPPLIED TO THE GOVERNMENT'S GASEOUS DIFFUSION PLANTS--WHERE THE PROCESS OF URANIUM ENRICHMENT TAKES PLACE--HAVE ADDED ABOUT DOLS 8 PER SWU. INCREASES IN OPERATING, CAPITAL, AND PROCESS DEVELOPMENT COSTS RELATED TO URANIUM ENRICHMENT HAVE ADDED ABOUT DOLS 2 PER SWU TO THE CHARGE.

9. IT SHOULD BE NOTED THAT THIS PRICING ACTION IS UNRELATED TO THE PROPOSED LEGISLATION, REFERRED TO IN THE PRESIDENT'S FISCAL YEAR 1976 BUDGET, TO ENABLE ERDA TO INSTITUTE COMMERCIAL-TYPE PRICING FOR URANIUM ENRICHMENT SERVICES.

10. ENRICHMENT OF URANIUM INVOLVES THE SEPARATION OF THE UNCLASSIFIED

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FISSIONABLE URANIUM-235 ISOTOPE, WHICH MAKES UP ONLY SEVEN-TENTHS OF ONE PERCENT OF NATURAL URANIUM, FROM THE MORE ABUNDANT URANIUM-238. FUEL FOR NUCLEAR REACTORS MAY CONTAIN URANIUM ENRICHED TO TWO TO THREE PERCENT URANIUM-235. THIS ENRICHMENT SERVICE IS PERFORMED AT THREE GOVERNMENT-OWNED GASEOUS DIFFUSION PLANTS IN TENNESSEE, KENTUCKY, AND OHIO.  
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